Che Guevara's Economic Theories

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(Book review) *Che Guevara: Economics and Politics in the Transition to Socialism,* by Carlos Tablada. New York, Pathfinder Press, 1989. 286 pp., $16.95. Reviewed by John Kovach

Fidel Castro, worried about the aftershocks in Cuba from what he calls Eastern Europe's political "catastrophe," delivered a series of speeches the first week in April. He warned his country to be prepared for wartime austerity measures which would include a moratorium on construction of new houses, apartments, schools, and childcare centers as well as medical clinics. Castro also said that electricity would be cut in half and new clothing for adults would not be available. To paraphrase Castro, "If we have to completely stop social development for the next five years and build no new homes or day-care centers, then that is the price which we must pay in order to save the revolution."

Do Castro's statements sound all too much like the projections of hard times and shortages which contributed to the Sandinistas' defeat in recent elections? Are the Cubans seeking solutions to their economic crises which follow socialist principles? Will Cuba become the shining example of the decade for countries in the transition to socialism? A good starting point for consideration of these questions, along with more complex questions related to market economy reforms in Eastern Europe, is Carlos Tablada's most recent book, *Che Guevara: Economics and Politics in the Transition to Socialism.*

What is most important about this book is that it genuinely conveys Che's earnest attempt to transform Cuban society according to socialist principles. His attention is keenly focused on the ways in which aspects of consciousness are affected by social/economic and political reforms. Che was most concerned with the types of human relations which would result from newly designed economic reforms. This approach is in contrast to the preponderance of literature which emphasizes only economic and administrative measures for transforming society, while ignoring aspects of consciousness.

The two technical means which Che advocated for transforming Cuban society to socialism were the budgetary finance system, which was applied to state enterprises responsible to the Ministry of Industry (70 percent of all Cuban factories), and the financial self-management system, also called the economic accounting system, which was used in enterprises organized by the National Institute of Agrarian Reform and those accountable to the Ministry of Foreign Trade. Both of these systems coexisted in Cuba for several years. The budgetary finance system was the mechanism which was used to socialize production in Cuba. These systems relied on moral incentives but did not ignore the use of material incentives.

Che saw centralized decision making as the most expedient way to organize all elements of society; unfortunately, he does not discuss or clarify exactly who will make these decisions nor does he outline the mechanisms that should be in place to ensure

democratic decision making. Because of this lack of attention to democratizing decision making, many of Che's statements, and Tablada's discussion of them, seem romantic and idealistic. Che writes, for example, about the "fact that politics establishes the goals of the economic model, while science determines the possibilities and roads to be taken." But who will be involved in this decision making? How will decision making be democratized at all levels in these political and scientific processes? These questions are totally ignored by Che. What is revealed is the way his own consciousness had been conditioned by the top-down bureaucratic system through which he hoped to institute change.

Tablada points out that Che's emphasis is not on the technical economic and administrative means for establishing a centralized, planned economy. Che felt that the rationality of an economic model must be measured by its social rationality. What is at issue is *how* goods are produced — the social relations that develop through production. These are the same types of concerns expressed by Trotsky and later by Lenin relating to the NEP* reforms in the Soviet Union. *(*The 'New Economic Policy' adopted by Lenin's victorious Bolsheviks in 1919 as an emergency measure in order to ease relations with the Peasantry to consolidate the socialist revolution then under attack on four frontiers by counter-revolutionary armed forces supported by the imperialist West – see Trotsky's* History of the Russian Revolution *Pluto Press 1977, pp.1242-43 – Web Ed.)*

The ultimate objective which Che hoped to achieve through economic reforms was the creation of a social structure that would provide optimum conditions for development of a new type of "human nature." The transformation of human consciousness was seen as the first step in the transformation from capitalism to communism. Che did not believe that consciousness could be relegated to a secondary position when considering revolutionary reforms. He understood that it is the social relations of production, and not purely economic relations, that conditions our consciousness. He appreciated the need to pay attention to these base/superstructure relationships during the transition to socialist society.

Che clearly understood that state ownership of the means of production and an established dictatorship of the proletariat do not guarantee the increasing emergence of a communist consciousness. Such a situation certainly implies a communist consciousness because of programmatic implications; but the length of time which is required for such a consciousness to develop depends on the actions of the revolutionary dictatorship and the political vision of leaders, as well as the real internal and external possibilities to carry out such a program. Initial revolutionary triumphs open up the possibility for change, but it was clear to Che that the actions of the vanguard are important in determining the outcome. Such processes cannot be "left up to spontaneity," he says.

Whether Che equates "spontaneity" with democratic decision making here is not clear. What is certain is that Che did not concern himself with the details of the antidemocratic character of the vanguard in Cuba. The fears which Trotsky expressed in 1904 and Rosa Luxemburg in 1918 related to the antidemocratic potential within Bolshevism seem not to be of concern to Che.

Importantly, Che opposed using categories from capitalist political economy like market, interest, direct material incentives, and profit. He was vehement in his feeling that socialism cannot be built using elements of capitalism. He certainly would be strongly opposed to *(the Russian Soviet President –Ed.)* Gorbachev's recent call for the establishment of a stock market in the Soviet Union. Che understood that social relations cannot be restructured if the free play of the capitalist law of value is perpetuated.

According to Che, the law of value, "is the umbilical cord that ties alienated man to society." He saw communism as a phenomenon of consciousness and not solely a phenomenon of production. It is impossible to achieve a Marxist communism without a new social consciousness toward society; this is the basic principle which guided Che as he developed his budgetary finance system.

Without going into detail, the budgetary finance system involved the financial centralization of all factories and workshops in order to ensure production according to social needs and goals. The emphasis was on the development of sophisticated techniques for programming and production controls. It was a system based on rigorous supervision of the enterprises. Che mistakenly believed that rationalization of the entire administrative apparatus would minimize the growth of bureaucratic structures. He envisioned a very small core of administrative activities with a limited nucleus of directors. He did not see that as his budgetary finance system developed, it would create a sprawling bureaucratic system which would be slow to respond to innovation and new technology. Even the most sophisticated marketing researchers in capitalist countries often are totally amiss in predicting effective demand for various products and new technologies. Clearly, Che placed too much faith in technology and the predictive methods of social science.

Many of the economic reforms developed by Che operated successfully in Cuba for several years. He developed a national job classification and wage system which was designed to discourage the development of material incentives. The rationality of his wage system was different in that production and output were not measured in terms of surplus value, but surplus product — created by workers with a sense of a social benefit. On the level of consciousness, then, production was being carried out for a much different purpose as compared to capitalist society. All jobs were classified in one of eight groupings, each with a corresponding wage level. This system provided the incentive for workers to raise their skill levels and capacities. Che opposed piecework for he felt it discourages workers from trying to raise their skill levels.

Unfortunately, Che's wage system was destroyed due to modifications after 1965. It is important to study, though, because it shows that although Che did have an unshakable confidence in the ability of humans to transform themselves, he also understood that simple appeals to consciousness will not bring about such change. It is also clear that Che didn't see such planning as just an economic instrument. Che's view was that anticapitalist revolution, dictatorship of the proletariat, and a planned economy are inseparably linked in Marxist theory. They signify the synthesis of a new way of making

history. Economic planning is seen as society's first chance to reign over economic forces. For Che, planning *characterizes and defines* the transition period.

Che's writings are also important for study today because he wrestled with problems related to underdevelopment and capital flight which make the transition process so painful. He acknowledged that there is a great temptation to use capitalist instruments to facilitate economic development during the transition period but he understood that a socialist consciousness cannot be built on such a foundation. He also discussed the problem of purchasing raw materials in the world market and how this market affects pricing in countries where capitalism has been overthrown. Tablada presents much of Che's detailed analysis on the creation of indexes for determining investment and pricing levels which are not totally detached from corresponding world market levels.

Reading Che today is especially enlightening if one wishes to understand how deviation from Che's economic programs has resulted in many of the problems which have led to a new level of crisis in Cuban society. It is also interesting to see the contemporary result of Che's ignoring of democratic decision making in establishing economic reforms. For all his detailed analysis of the relationship between economic production and corresponding social organization and consciousness, Che spends little time discussing details for democratizing decision making. Tablada only presents one passage from Che's writings where he does say that the vanguard party should provide controls and leadership but that these controls should not be the sole domain of administrative bodies; unfortunately, Che seems to have no plan or program for incorporating unions or workers into this process *(emphasis by the Web Ed.)*

Che's writings on transforming society according to socialist principles, especially given his attention to aspects of consciousness and the building of a new type of human relations, deserve serious study and analysis. These are exactly the types of concerns which socialists in Eastern Europe should be discussing today. Reading Tablada's book along with Catherine Samary's "Plan, Market and Democracy" *(Notebooks for Study and Research,* No. 7/8,1988, see review in *Bulletin in Defense of Marxism* No. 77) would be my recommendation for a solid grounding and understanding of the issues and problems related to planned economies, market reforms, and the transition to socialism.